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AUTHOR Gold, Gerard G.
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ABSTRACT

This guide is intended to assist employers, educators, and union officials in understanding the rationale behind developing and implementing tuition assistance plans. Examined in the introductory section are the importance of tuition assistance programs in light of contemporary economic and labor market conditions. The first chapter outlines the past, present, and future directions of tuition assistance programs. Described next are the basics of tuition assistance. The third section contains tuition assistance program check lists for use by employers, education institutions, and labor unions. Problems in establishing and implementing tuition assistance programs and suggested solutions are covered next. The fifth section deals with taxes, policies, and tuition assistance. Community tuition assistance networks are the subject of the final section. (Appendixes to this guide include tables presenting industries paying employee educational assistance in 1982 and the percent of companies paying employee educational assistance benefits in selected years, a draft model statement on tuition aid, and a model tuition plan. A list of additional publications on tuition aid is also provided.) (MN)

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Employment-Based Tuition Assistance: Decisions and Checklists For Employers, Educators, and Unions

by Gerard G. Gold

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Suite 316
1200-18th Street, N.W.
Washington, D.C. 20036
(202) 887-6800

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ACKNOWLEDGMENTS

Although almost two-thirds of all companies with more than one hundred employees now use employment-based tuition assistance programs, tuition assistance is not exactly a household name, even in the "houses" of business, higher education, and organized labor. This book, therefore, is in part a consciousness-raising effort.

It has been a pleasure over the last few years to work with people around the nation willing to share their highly attuned consciousnesses and help the author develop his. Many of these people were not involved in the preparation of this small volume on tuition assistance programs. Yet the volume benefits from their examples and insights.

Thanks for direct assistance, guidance, and encouragement in this project, however, can be directed toward a few fine people: Kathy Carrithers, Ivan Charner, John Graves, Jim Pavlakis, Everett Miller, Bill Smith, and Richard Ungerer each made the shaping and writing of this book more meaningful to me. May they find the final result worthy of their use.

This book reflects the mission of the National Institute for Work and Learning in its emphasis on collaboration, its concern for the highest and best uses of individual human talents, its focus on work and learning as two dominant aspects of modern life, and its desire to assist local business, education, and labor leaders in solving problems that cut across institutional boundaries. Thanks are due therefore to NIWL for providing that kind of environment for these labors.

Much of the thinking and experience in this volume is traced to project work supported by the Fund for the Improvement of Postsecondary Education, an agency of the U.S. Department of Education, and the W.K. Kellogg Foundation. Thank you, FIPSE and Kellogg, for supporting the Institute's efforts.

On the productivity front, the word-processing and typesetting skills of Veronica Jenkins and Rosette Graham (not to mention their patience, good humor, and creative problem-solving) obviously were invaluable in placing this volume before the reader's eyes.

PREFACE

The more General Motors and the United Auto Workers learn about tuition assistance programs the more we like them.

A well trained and educated workforce is industry's greatest asset. Unfortunately this idea has not always been universally accepted. In part the problem is that we in industry tend to focus on the technological and cost factors driving us toward new ways of thinking and doing. We sometimes forget that the thinking and doing must be done by people. As we strive to become more competitive in the world marketplace, we are beginning to understand the importance of workers who use their knowledge and skills to help make a quality product in a cost effective manner.

A properly designed and actively administered tuition assistance program can be invaluable to a company. Such programs help develop employees who are well educated and trained in the right skills for the right positions. Building the employee's respect for learning and for his or her ability to learn changes the ways people look at themselves, their world, and the place in which they work. The desire to improve grows out of themselves and is applied to the workplace as well.

In this way TA becomes an invaluable support for the in-house training and employee development programs so common on the job. Far more than in-house training, employee participation in TA programs emphasizes the employer's interest in developing the strengths of the whole person. But the initiative and responsibility must come from the individual.

The historic 1982 Joint Education and Training Programs agreement between the UAW and GM exemplified the interest of these two parties in strengthening the educational well-being of employees as a necessary step in making the automobile industry more competitive. The UAW-GM Tuition Assistance Program (TAP) is a major part of this effort to prepare the workforce for the changes and challenges confronting the auto industry. Active publicity and information dissemination, supportive career and educational counseling, and prepayment of benefits, as well as extension of benefits to laid-off employees, all serve to remove artificial barriers to learning and personal growth.

The programs developed as a result of this agreement are intended to enhance opportunities for employee career security through personal

growth and skill development. The belief is that these programs will improve the quality of work life, the quality of our products, and the effectiveness of our operations.

Given these objectives, further discussions are needed among business, labor, education, and government policymakers concerning the implications of Gerry Gold's thought-provoking statement in this valuable book: "It is questionable whether tuition assistance should be considered an employee benefit any longer." Education and training includes employee-initiated education and training. TA programs are too important to be categorized as simply a financial benefit. We do not treat investments in capital equipment that way and we should not treat investments in people that way.

Employers can not depreciate their investments in people. Nor are there investment tax credits for people investments. The current tax preference status of employment-based educational assistance programs merely removes onerous disincentives rather than providing positive incentives for investments in human resources. Far from being a tax-sheltering "benefit," tuition assistance programs creatively used are taking their place on the front line of human resource and organizational development planning.

What we need are creative ideas, compassionate and pragmatic planning, and thoughtful leadership resulting in productive programs serving the needs of individuals and organizations at the community and plant level. Currently the tax exclusion status of tuition assistance plans allows this to happen. The opportunity exists.

This idea-packed book helps point the way.

John Graves
National Director
UAW-GM Skill Development
and Training Program

DECISION MEMORANDUM

TO: The Reader
FROM: The Author
SUBJECT: Employment-Based Tuition Assistance Programs

Decision Needed:

Does your organization need to review its employee tuition assistance program? Do you need to know what other organizations are doing with their tuition assistance programs? Basic human resource development considerations as well as proposed changes in tax laws are causing many organizations -- corporations, universities, labor unions, and public sector agencies -- to review employee tuition assistance programs ("TA" programs, for short) for their effectiveness and costs.

The basic purposes of such a review should be:

- To improve the contributions of TA programs to overall organization goals, objectives, and performance. (See Chapters I and II)
- To improve the administration and cost-effectiveness of employment-based tuition assistance for employees continuing their formal education or enrolling in specific courses or occupational skill training programs. (See Chapters II, III and IV)
- To assess and recommend improvements in your organization's relationships with other organizations seeking to improve the accessibility and cost-effectiveness of quality educational programs for employees. (See Chapters III and VI)
- To review TA program policies and practices for compliance with Federal tax laws. (See Chapter V)

Context

As rising costs for college and university education compete for the financial resources of individuals and families, tuition assistance provided by employers and unions is receiving more attention as a hiring, employment, and career development incentive. The U.S. military, for example, uses continuing education financing as one of its most effective recruiting devices for a volunteer force. Surveys show that about 80 percent of Americans are afraid that postsecondary education costs may put education, and therefore career opportunities, beyond their reach. Indeed, government subsidies are decreasing: 19.8 percent of college freshmen received direct federal grants in 1984, down from 31.5 percent in 1980.

On the employer and union side, the importance of lifelong learning to productivity and competitiveness is just beginning to sink in. Corporate training is a growth industry. But corporate in-house training, on the whole, addresses narrow, company-specific technical issues and skills. More and more, managers look for flexible thinking and diversity of skills that in-house training can not provide.

Learning is fundamental to work. Knowing how to follow instructions will always be an important part of many jobs. But we have come a long way indeed from the times when the prevailing theory was that managers thought and workers did. Today techniques ranging from mentor relationships to quality circles to in-plant classroom training, to correspondence courses, to job enrichment progrms are all used to enhance learning and performance on the job.

More than ever before, learning is "in the air" in the modern workplace. Learning is more than schooling, yet the interplay between formal and informal learning has never been more apparent. Better understanding of how learning strengthens the whole person and benefits careers is providing a better basis for collaborative relationships between employers, unions, and postsecondary education institutions. Similarly the search for connections between employee motivations and employer goals is rooted in better understanding of the individual's capacity to learn, to mature, to build personal competencies as well as career flexibility and job skills.

The TA Connection

Tuition assistance programs operate most effectively as links between individual learning and employer goals.

The Chamber of Commerce of the United States estimates that employee education benefit programs account for about 0.2 percent of total employee wages and salaries (see Appendix A). In 1982 that meant a nationwide expenditure of about $2.5 billion on tuition assistance programs. Even allowing for overestimation, TA expenditures probably exceed corporate and union philanthropic grants and donations to education institutions nationwide ($1.3 billion in 1983).

Tuition assistance funds provided by employers to their employees are the third leg, along with philanthropy and contracts for training and research services, of the nation's unspoken three-part policy of financial relations between higher education and the private sector. Yet employment-based tuition assistance programs are probably the least researched, least understood, and certainly the most undervalued source of enrollments and financial revenues for American higher education institutions.

In 1984 Congress extended the tax-exclusion status of TA payments and, because of uncertainty and conflicting estimates of participation and costs, required the U.S. Treasury to provide a more accurate profile of TA programs. During 1985 employers are required to file information returns with the Internal Revenue Service. Employers will report: total number of employees; total number eligible for TA plans; number participating; and total cost during 1985. If plan participation is not constricted during 1985 by the threat of Congressional tinkering, this could be the first accurate count of participation rates and costs nationwide.

There is no comparable previous study. National surveys before 1980 by the Conference Board and the National Institute for Work and Learning showed that TA was widely available but only modestly used. Participation rates of 2 to 3 percent were common. More anecdotal and incomplete evidence since 1979, when the tax exclusion legislation took effect, indicates significant gradual growth in TA programs and participation, especially at lower income levels. Coincidental or not, the combined forces of tax preference, increasing costs of education, women entering the workforce, and emphasis on lifelong learning and career development seem to be giving employment-based tuition assistance programs new vigor.

ASTD also estimates that non-management employee participation in employment-based TA has increased 74 percent since 1978 when Congress excluded TA payments from taxation as employee income. And Chamber of Commerce surveys show that TA program availability has increased from 40 percent of corporate employers in 1977 to 63 percent in 1982.

In recent years employers and unions have found innovative ways to build skill development, career development, and succession planning programs combining both in-house training and employee-initiated learning using TA. In some situations TA has become central to corporate pre-retirement and post-layoff outplacement programs.

Example: Polaroid Corporation has developed special engineering and technician programs which use TA, "reverse" co-operative education, and career counseling. These programs identify employees who have the motivation and ability to advance. Learning on both personal time and company time makes for shared investment and responsibility for career development. Among other career development features, the path-making UAW-GM Skill Development and Training Program makes TA available on a pre-paid basis not only for employed workers but also as a career change resource for laid off workers.

Does your organization need to review its employee tuition assistance program? Are changes necessary which would enhance the TA program's contribution to the future health and vitality of your

organization? Do you need to know if your organization's tuition aid program complies with Internal Revenue Code's provisions governing Employee Educational Assistance? Do you need more information in order to make a reasoned judgment about the pluses and minuses of current programs?

If you are an educator, does your college, university, technical institute, or state agency need to know more about employer tuition assistance programs in your community or state?

If you are a labor leader, does your union and its members need to know more about the ways TA programs can reduce the obstacles to education, training, and career development?

Whoever you are, do you want to learn more about ways TA programs can help build constructive, collaborative relationships between employers, unions, professional associations, and postsecondary education institutions?

These are decisions for which this handbook was written. The decisions are yours.

I. Tuition Aid: What Is It? Where Is It Coming From? Where Is It Going?

Employment-based learning is a multi-faceted enterprise. Essentially this enterprise can be categorized as either job-specific learning where the employer decides, generally, what is learned and when it is learned, or as career-related learning where the individual employee decides, generally, what is learned and when it is learned.

In the first case, the employer provides training during work hours through a variety of on-the-job training, classroom or workbook instruction, and related techniques. The second category of learning is more voluntary from the employee's perspective and is likely to take place on the employee's own time. The employer and/or union may sponsor the learning activity, may pay all or a portion of the expenses, and may encourage participation. The decision to participate is with the employee, although the range of opportunity will vary with the breadth of the employer's definition of "career-related."

Employee-initiated learning may include job-related learning, more general occupational learning, or even non-occupational personal enrichment learning. Some employers, Chesapeake and Potomac Telephone being but one example, provide a range of company-sponsored, no-cost learning opportunities. These include courses on basic skills, business writing, human relations, oral communications, managing personal finances, pre-retirement planning, and computer basics. Correspondence courses are also available without cost for employees who prefer home study.

Tuition assistance is yet another, popular, option provided by C&P.

Educational and Tuition Assistance Programs

Employment-based educational assistance and tuition assistance programs differ from other types of career-related learning sponsored by employers and unions in that they provide funds which are then used by the individual employee to purchase courses and other forms of learning experiences from education institutions. These programs, therefore, constitute one of the key building blocks for relationships between employers, unions, and American colleges, universities, and technical institutes.

Four distinct types of educational assistance can be found among American employers:

- Tuition aid, or tuition assistance
- Training funds
- Educational leave and leave of absence
- Scholarships and educational loans

Of these, tuition aid is by far the most widely found. Tuition aid (or, assistance) plans provide funds to employees who pursue career-related educational programs, usually on their own time. Although sometimes called tuition reimbursement plans to emphasize that payments are made only upon course completion, many TA plans also include pre-payment and short-term loan arrangements to assure employees that cash availability is not an obstacle to participation.

Training funds have been characteristic of certain industries where numerous smaller employers, often in collaboration with specific trade unions, establish a training fund administered by a board of trustees and typically supporting apprenticeship or other entry-level training. It is not typical for a worker covered by a training fund or apprenticeship agreement to also have acess to a tuition aid program. But an employer participating in a training fund for one class of employees (for example, union members) may very well have a tuition aid plan for all other classes of employees.

Scholarships for employees may be awarded in conjunction with educational leave. But scholarships are not widely used: to avoid taxation as part of gross income, scholarships must have no relationship to current job requirements and must **not** "represent either compensation for past, present, or future employment services or represent payment for services which are subject to the direction or supervision of the grantor." (Internal Revenue Code section 1.117-4(c).

The four types of educational assistance are not exclusionary and may be used in concert or sequence to create flexible, innovative responses to particular career-development situations.

A wide variety of corporations, for example, use brief periods of educational leave (with or without pay) as incentives to individuals who have pursued a degree or certificate program seriously on their own time using the tuition aid plan. A brief spurt of educational leave enables these employees to complete the final courses or papers.

Tuition aid plans usually are designed, administered, and funded by

employers. TA plans typically are uncomplicated documents of two-to-four pages including a brief statement of employer policy favoring employee-initiated learning and a listing of application, approval, and payment procedures.

Managers and professionals have been the heavy users of TA programs. But, as many corporations are learning, career-conscious workers in blue-collar, clerical and other support staff positions participate enthusiastically if given adequate information and career counseling. If management is serious about creating opportunities for employee advancement, employees are quick to learn the signals.

A very few employers, Polaroid Corporation being a notable example, incorporate career counseling into the tuition assistance application process to assure congruence between corporate and individual career goals. A few firms have built "reverse co-op" programs around TA financing: the employee works part-time and attends classes part-time, receiving degree credit for learning on campus and on-the-job.

Some unions, including the United Auto Workers, the Service Employees, District Council 37 of the American Federation of State, County and Municipal Employees in New York City and others, have negotiated contracts with tuition aid provisions. In some cases the negotiated plan is administered jointly by management and the union. In a few instances the negotiated plan is designed to support a career ladder plan for in-house career development. In other cases, as in the auto industry, TA plans have been designed both for current employee development and to assist laid off workers to prepare for new careers outside the industry.

Thinking about tuition aid plans and programs, in sum, ought to allow room for strong doses of creativity, flexibility, and responsiveness to unique human resource development situations.

Whether or not to have a tuition aid plan or any type of educational assistance plan is a choice that each organization makes on its own. The fact that TA plans are found so frequently among American employers seems to indicate that tuition assistance has a widely recognized value in attracting, retaining, and developing valued employees. Yet, in practice, many managers view TA simply as a standard employment benefit that is expected by some employees and of insufficient annual cost to justify close examination or the hassles of plan discontinuation.

Availability and Use: A contrast

The core paradox about tuition aid is found in the contrast of wide availability and limited use.

Among corporations with over 10,000 employees, about 95 percent offer some form of tuition assistance programs. About 85 percent of employers with 1,000 to 10,000 employees have a TA plan. And in large urban-suburban areas about 50 percent of **all** employers, small and large, private and public provide assistance.

The Chamber of Commerce annual survey of employee benefits in U.S. corporations shows a marked increase from 1963 through 1977 and 1982 in the proportion of firms offering educational assistance benefits (almost entirely TA). Program availability increases dramatically from 15 percent of firms surveyed in 1963 to 40 percent in 1977 and to 63 percent in 1982. With about 90 percent of the nation's major employers already offering TA prior to 1970, the growth in these programs over much of this period has occurred primarily among medium-sized firms in all industries. (See Appendix B)

Why are TA plans so prevalent? Most employers who want to retain and develop their employees have tuition aid programs. Where employers especially value individuals who want to learn and grow throughout their careers, TA programs have visibility and top management support. Small organizations that can not afford a formal in-house training program use TA as a way of using the training available at education institutions in their communities. Larger organizations use TA programs to supplement the specialized training and employee development programs provided in-house. TA programs have become prevalent, however, simply because a few leading employers established the precedent and others followed.

Use of employee educational/tuition assistance plans varies substantially across industries. Appendix A, "Industries Paying Employee Educational Assistance Benefits, 1982," shows that about 93 percent of banks, finance and trust companies offer TA programs and that the group spent an average of $97 per employee on TA expenditures in 1982. Other industry groups which are relatively active TA users include: insurance companies, hospitals, instrument manufacturers, public utilities, the larger pulp, paper, and lumber firms, and "miscellaneous" nonmanufacturing industries including research and engineering firms.

Although tuition aid programs are widely established, on the whole

they have been little used. Only in the first few years of the 1980s were there signs that employee use might be exceeding the 3 to 5 percent per year rate found by researchers during the 1970s.

Why have utilization rates been so low in the past? What is the impetus for recent increases in utilization?

Although a few tuition aid programs can be traced back to the turn of the century, it was not until the post-World War II period that large numbers of employers developed programs of financial assistance for employees completing college and university programs.

Research during the late 1970s identified two primary reasons for the historically low participation rates in TA programs:

- Lack of information about programs to employees
- Lack of educational and career counseling for employees

These findings in turn beg the question of why many employers do not deem TA programs sufficiently important to justify corrective action on these two key points. Here the trail becomes murky. But circumstantial evidence points in several directions:

- Some employers, who use TA plans to reward hand-picked young managers being groomed for promotion, do not want to encourage large numbers of employees to improve their educational qualifications.
- Other employers, also intending to hide the jewel under the bushel basket, seem to use minimal information as a unstated way of identifying those especially self-motivated employees who seek out and use TA resurces despite passive obstacles (like lack of publicity).
- Others place great faith in their in-house training programs to provide both specialized and general learning and conversely, see little benefit to the corporation in sending employees to area colleges and universities, even on the employees' own time.
- Still others approve of more education in the abstract but may have experienced administrative inflexibility or inappropriate instruction when dealing with education institutions.
- For their part, neither most educators nor most union leaders have seriously sought to understand how TA programs can be used to serve the mutual interests of employers and adult learners.

Each of these explanations has a plausible and rational basis in the values, experiences, and priorities of individual firms and individual managers.

The only problem with these explanations is that they are obsolete. Depending on the firm and its competitive position, they may be dangerously out-of-date. Many examples already exist of employers who have consciously integrated tuition assistance programs into systematic human resource and career development programs. And many firms have discovered that the costs of a well-designed, goal-focused tuition aid program are minor in comparison to the gains in new knowledge, vitality, productivity, and loyalty they get from employees.

The paradox of wide availability but low participation rates is not, of course, simply a reflection of management practices. But, management, by controlling resources and policies, is in the best position to initiate corrective action.

Responsibility for learning is first and foremost an individual responsibility. Where education is meaningful and productive, individuals must make decisions in their own interests and take charge of their lives. Management leadership through information and career counseling, for example, helps to nurture these individual qualities and to show where and how employer and employee both stand to benefit.

From an employee's perspective, the obstacles to learning may be formidible indeed. What is truly amazing about modern American education and the modern American worker is the number of people who are overcoming these obstacles in order to pursue learning. Over 21 million Americans (over 12 percent of the adult population) now enroll in adult education programs annually. Any working adult with family, community and home responsibilities in addition to work knows that time — especially personal time — is precious. But as education becomes more essential to our careers and more convenient both in proximity to home or workplace and in ease of enrollment, participation rates of part-time students are rising dramatically.

Exemplary Uses

Exemplary uses of TA can be found among employers in most large urban areas and in most industries. Among the most notable programs is that of Polaroid Corporation. Polaroid's Tuition Assistance Plan has operated since 1958. Over the years it has been developed into an in-

tegrated component of the company's overall employee development program: including TA, internal training and education, management development programs, technical seminars, organizational development programs, and career counseling workshops and advising.

The Polaroid TA Plan is widely and actively publicized within the company. All employees applying for Plan participation are required to receive educational counseling from an in-house career counselor whose reputation for independence and neutrality from company direction is rigorously protected. The purpose of counseling is to ensure that the appropriateness of each employee's plans, to assist in making the best fit between those plans and available courses and education providers, and to clarify the relationship between the employee's goals and the company's needs. Finally Polaroid provides 100 percent prepayment of costs for approved educational programs. Successful completion is required or costs are repaid by the employee to Polaroid.

In other words, the plan is designed to emphasize that Polaroid's leadership in its field is, according to Donald Fronzaglia, director of human resource development at the Cambridge, Massachusetts, firm, "a joint responsibility of the individual and the corporation."

Joint responsibilities is a key concept in effective use of tuition assistance plans. Employees contribute their time, career interest, motivation, and knowledge. The employer contributes money, information, career incentives, and flexible administrative policies. The result can be creative programs such as Polaroid's "reverse co-op" technical degree program where lower level employees earn science and engineering degrees at Northeastern University. Polaroid also uses TA to finance a special supervisor education program at Boston University and a skilled trades program at Wentworth Institute, a Boston vo-tech school, as well as for the more typical, employee-initiated uses of tuition assistance.

Different, yet comparable, is CIGNA Corporation's liberal arts degree program developed with the University of Pennsylvania for the insurance firm's Philadelphia-based clerical workers. Ivy League professors travel to the downtown office to instruct secretaries after work hours. A great success, with the clerical students earning grades equal to the undergraduates on-campus, the program helps CIGNA address sex equity issues creatively.

Another example: recent General Motors and Ford contracts with the United Auto Workers (UAW) have extended TA benefits (up to $5,000 per worker) to laid off UAW members as an aid to outplacement, re-

employment and retraining and enlarged the TA program for active workers to a limit of $1,500 per year per worker. Active outreach has resulted in active use by UAW-GM workers.

In this new context it is questionable whether tuition assistance programs should be considered an employee benefit at all. These programs have matured to the point where more than a few firms are using tuition assistance as an integrated component of an overall human resource and career development strategy.

II. Back To TA Basics

The clear, unambiguous exclusion of education assistance payments from taxable income during the five years of 1979 through 1983 undoubtedly helped TA emerge as a respected companion to other forms of corporate-sponsored training and career development programs.

Rationales

TA programs need to stand on their own virtues, independent of tax benefits or penalities. All participants need to assess the full costs and benfits clearly, understand how to use tuition assistance for a wide range of personal and work productivity improvements, and then arrive at a judgments of net costs.

Institutional self-interest and leadership, whether from employers, unions, education institutions or various combinations thereof, are essential if employee participation in educational programs and tuition assistance plans is to increase. The basic rationales for institutional interest in TA can be summarized:

- **Employer perspective:** TA can be a crucial component of a firm's overall human resource development strategy to update knowledge and skill, identify capable individuals and prepare them for future assignments, aid worker self-development and pre-retirement planning, attract motivated workers to the firm, and improve the stability of the workforce.

  Educational institutions provide employees with skills of long term importance, permitting in-house programs to concentrate on training unique to a firm's products, management style, or other specific organizational needs.
- **Union perspective:** TA can be an important benefit for all workers: assists workers to fulfill their educational and career goals, builds respect for and loyalty to the union, helps members prepare themselves for career changes forced by the changing workplace, helps members prepare for retirement and community service, builds expertise in labor issues along with new occupational skills.
- **Educator perspective:** TA is important because it helps prospective students pay tuition and related expenses, assists part-time students in particular, strengthens evening and weekend program enrollments, provides opportunities for worksite and outreach in-

struction, creates opportunities for adjunct faculty, and, perhaps most important, builds constructive communication and mutually beneficial relationships with employers, unions, and other community organizations.

- **Individual perspective:** TA reduces the dollar costs of education and training. But more than that, TA programs create psychological incentives to learn by (a) showing that the employer values independent motivation, (b) balancing the social costs (e.g. extra commuting time, loss of leisure, and limitations on family or social life) with financial savings, (c) providing institutional legitimacy from the employer and/or union for the employee's personal decision. Finally, independent learning is one way to gain new skills and knowledge which may prepare the individual for alternative career and/or personal goals

Surprisingly, relatively few corporation, unions, or education institutions have yet learned how to turn tuition assistance programs to their advantage, despite ready agreement that these goals and outcomes are all highly desirable. Instead, TA programs — with some fine exceptions — have grown incrementally from bottom-up interest and incidental external pressures rather than from close management of program policies and procedures.

Leverage Points

Any close examination of an organization's tuition assistance program must take into account the following critical factors:

- **Policies and Plan:** Is there a single, clearly written, periodically reviewed policy statement on TA? Is the formal TA plan clearly written and well designed?
- **Purposes:** Does the plan limit employees to a narrow definition of work-related courses, or does it encourage participation and career growth through a broad definition? Are personal enrichment goals included in addition to work-related goals?
- **Accountability:** Do top level officials receive an annual report and briefing on the purposes, participation rates, program results, and costs of the TA program?
- **Employee eligibility:** Are hourly and salaried, management and non-management employees clearly eligible? Are employees in bargaining units included in the employer plan, has a separate negotiated plan been established, or are bargaining unit

employees not participating in any TA Plan? Can laid off and/or retired employees use the TA program during the year following departure from their jobs?

- **Expense eligibility:** Are all, or some expenses for tuition, books, fees, and transportation included? Be aware that some expenses do not qualify for special tax treatment.
- **Payment plan:** Have considered choices been made between prepayment, reimbursement, payment to employee, and voucher payment to education institution?
- **Provider eligibility:** Are employees restricted to accredited education institutions, or can they take courses from any agency approved by the Veteran's Administration, or from community recreation department programs, YMCA/YWCA programs and other providers of occupational and non-occupational learning?
- **Visibility:** Is the program consciously hidden or publicized within the organization? Is it used as a recruitment incentive? Are career planning and educational counseling assistance provided?
- **Interinstitutional relationships:** Are contacts between employers, education institutions, and labor unions well-developed or unplanned where educational assistance programs are concerned? Are any education programs given special attention through formal agreements and on-site offerings? How well-designed and appropriate are these special programs to the needs of employees and employers?

Strategies

To overcome the practical barriers and confusion resulting from periodic changes in governmental policies, employers, unions, education institutions, and professional associations must spend more time communicating with each other, identifying a common agenda, and initiating problem-solving actions.

We see three basic approaches to the institutionalization of problem-solving in tuition aid and other adult learnings programs:

- **Unilateral:** Where a single organization does what it can internally through policy and program reviews to improve program design, administration, and service to adult learners.
- **Bilateral:** Where two organizations discover a common interest in sharing information, resources, and/or people. Bilateral relationships may grow from small, successful programs or may

result from inquiries based on the solid reputation of one of the partners. Being bi-lateral, these programs take on a special character that may serve as a model for others or may be so unique as to exclude replication.

- **Collaborative:** Where ideas, interests, and responsibilties for problem-solving are shared in ways which emphasize improvements affecting the quality of life and learning throughout a community. May start small as unilateral or bilateral and build into something multilateral. More complicated and consequently more unusual. Potentially more powerful. Some sense of vision is needed here.

Deciding which of these three approaches is most appropriate for your organization will depend on a number of factors including: present programs and institutional relationships, past experiences attempting to work cooperatively with other organizations, and the psychological and programmatic "readiness" to pursue specific human resource objectives.

Specifics of Plan Design

Are you concerned about the quality and effectiveness of your own organization's TA program? Are you looking for ways to involve other organizations — employers, education institutions, unions — in joint approaches to employee education and training? Either way, you'll need to know what to look for in existing TA programs. And other people in your organization and possibly in others will need to make knowledgeable choices between action and inaction. Examples:

- Should tuition payments be changed from a reimbursement to a prepayment procedure?
- Should the employer and union include the tuition assistance program on th bargaining agenda?
- Should employer X work with college A to develop "tailored" instructional programs to be offered in the company's own facilities during lunch hour or after work?
- Should funding for TA be allocated through a departmental budget or from a central corporate fund?
- Should TA funds be made available for a period of time to retirees and/or laid-off workers as part of an outplacement program?
- Should flexi-time and/or educational leave arrangements be instituted to accommodate TA participant schedules?

Before these and similar questions can be answered, you'll need to be sure you have an accurate picture of how the TA program works now, what alternatives are available, and how the current program and alternatives fit with overall goals for employee development.

To help you check your own knowledge of TA programs, and help you compare notes with other persons who ought to be informed abut TA programs, we've prepared a checklist, actually three checklists, for your review. You can find them in the next section.

III. Checklists For Tuition Assistance Programs

Three sets of checklists are included in this section. You will find checklists for:

- Employers
- Education institutions
- Labor unions

Each set of items focuses on three major concerns: information, leadership/management involvement, and institutional cooperation. These three concerns are crucial to the effective integration of employee education programs into the productivity and human resource development strategies of organizations.

How to use the checklists

STEP 1: First and foremost, use the checklists to assess your own awareness of the status of your organization's tuition assistance program. No need to keep score of your "yes," "no," and "don't know" responses. You will quickly discover for yourself whether you have adequate knowledge or need to learn more about the functioning of the program.

Whether you are an employer, an educator, or a union leader, or any other reader, we suggest that you read all the questions: (1) to get a feel for the other person's perspective, and (2) to understand better what we mean by a comprehensive, collaborative approach to tuition assistance programs.

There is no need to search for new data before reading this section. In fact it is best if you do not. Simply try to see where you are well-informed and where you and your organization may be vulnerable because of lack of information.

STEP 2: Next, we suggest you ask other key persons to review the checklist, looking for their views on (1) the adequacy of information within your organization to guide decision-making on tuition assistance matters, and (2) the adequacy of actual TA program performance within your organization.

STEP 3: The next step is to compare notes. As a group, do key people in your organization "have a handle" on the TA program? Could you quickly be brought up to speed on the status of tuition assistance using readily available program information on participation and completion rates, courses selected, costs, contributions to organizational objectives, and institutional relationships?

STEP 4: Fill in the knowledge gaps. Get the information you need. If it is not readily available, you will need to decide whether getting the information is worth the time and trouble, and whether you need a one-time search or a whole new procedure for routine record-keeping.

STEP 5: Move from self-assessment to action. Program improvements, management data improvements, and improved cost-consciousness and benefit-cost controls are among the actions suggested in the checklist itself.

It may be advisable, once the initial self-assessment has identified problem areas and success areas, to request an independent review and assessment by a third party consultant. The consultant should be knowledgeable about employer-based tuition assistance programs, corporate education and training programs, adult learning strategies, and education-work partnerships generally.

Tuition Aid Checklists

A. Checklist for Employers

1. Accurate Information

Y	N	Don't Know	
_____	_____	_____	Does your organization have a formal, written policy on tuition assistance and other types of educational assistance? (If not, read on for ideas on what is needed).
_____	_____	_____	Is the tuition assistance program accurately described and given adequate visibility in the employee handbook and other employee information publications?
_____	_____	_____	Is in-house publicity regarding the tuition assistance program made accessible to employees through such techniques as newsletters, awards to degree completers, bulletin board announcements, periodic information meetings?
_____	_____	_____	Is information and encouragement regarding participation in tuition aid programs provided through career counseling discussions with supervisors, at assessment centers and in the employer's other career planning activities?
_____	_____	_____	Are new employees adequately and accurately informed about policies and procedures affecting the tuition aid program?
_____	_____	_____	Is program improvement information collected periodically (e.g. annually) from participating and non-participating employees using confidential questionnaire and/or interview methods?

Y	N	Don't Know	
_____	_____	_____	Does an in-house tuition aid advisory committee (with members drawn from management, professional, and hourly ranks) provide routine feedback on program design, responsiveness to needs, and quality?
_____	_____	_____	Are TA policies and programs reviewed periodically by expert legal and tax advisors for compliance with federal and state laws?
_____	_____	_____	Are employees, especially TA program applicants and participants, adequately and accurately informed concerning the tax status of their TA payments?

2. Management Information and Support

_____	_____	_____	Does top management, at least at the plant or division level, show positive interest in employee continuing learning?
_____	_____	_____	Does top management ask for and receive annual and semi-annual reports on the status of the tuition aid program, including numbers of employees participating, numbers and types of education institutions attended, types of courses attended, costs, and benefits?
_____	_____	_____	Do top managers cite the tuition aid program in their oral and written reports on the status of company efforts to help employees enhance their careers?
_____	_____	_____	Do top management and TA program managers look outside the company for information about exemplary tuition aid programs and college-corporate relationships in order to better assess the operation and impact of the in-house program?

Y	N	Don't Know	
_____	_____	_____	Are the staff persons administering the tuition aid program aware of top management support for employee participation in the tuition aid program?
_____	_____	_____	Are supervisors consulted and adequately involved in TA program procedures and assessment)?
_____	_____	_____	Are **all** company education, training and organizational development programs reviewed systematically to identify ways of maximizing value received through coordinated use of resources?
_____	_____	_____	Are policies on flexi-time, condensed work week, paid and unpaid educational leave, and other flexible scheduling practices reviewed periodically from the viewpoint of accommodating the needs of TA participants?
_____	_____	_____	Does management encourage the creation of employee-management advisory committees to provide improvement ideas and quality control assessment of the tuition aid program?
_____	_____	_____	Have payment procedures for tuition assistance been reviewed recently to assess their appropriateness to the financial concerns of employees, education institutions, and the employer?
_____	_____	_____	Is the TA program effectively linked to a serious career planning and development program for employees?
_____	_____	_____	Is there efficient coordination between payroll, personnel, and TA program administrators?

3. Cooperation

Y	N	Don't Know	
_____	_____	_____	Is the tuition aid program administrator in regular contact with deans of continuing education, college admissions staff, and other local leaders in adult continuing education?
_____	_____	_____	Is accurate information about the program shared annually with admissions staff and top administrators of area colleges, universities, and technical institutes? And with appropriate employment agencies?
_____	_____	_____	Are employee needs for long-term workforce education and training translated both into projects appropriate for in-house action and opportunities for program development with area education institutions?
_____	_____	_____	Is the education and training staff in regular touch with professional staff of other area employers on a variety of education and training topics, including tuition aid.?
_____	_____	_____	Is the education and training staff well informed concerning exemplary tuition aid practices among other firms in the immediate geographic area and the same industry nationwide?
_____	_____	_____	Does the company work with area education institutions to establish degree credit for in-house training when appropriate? Do area colleges recognize employee knowledge and skills as possibly qualifying for academic credit for prior learning?

4. **Management-Labor Relations**
(The items listed below will apply if the employer has a collective bargaining agreement.)

Y	N	Don't Know	
_____	_____	_____	Does the union-management contract include a tuition aid plan? Should it?
_____	_____	_____	Are all employees equally eligible for a single tuition aid program, or are the conditions of the plan for non-union and union employees directly comparable?
_____	_____	_____	Do management and the union share a serious interest in seeing the tuition aid program work successfully?
_____	_____	_____	Is the negotiated plan closely linked to a career development program in which the union has an interest?
_____	_____	_____	Can a union member make good use of the tuition aid program to improve her/his promotability within the company? (What needs to be done to improve the "promotability" option?)
_____	_____	_____	Is tuition assistance built into the employer's efforts to help displaced employees prepare themselves for new careers?

B. Checklist for Education Institutions

1. Accurate Information

(a) Catalogs

Y	N	Don't Know	
_____	_____	_____	Does your catalog mention job-related tuition aid programs as possible sources of education monies for adult learners? (See model statement, Appendix C)
_____	_____	_____	Does your catalog highlight tuition aid with a distinct heading or sub-heading or graphically separate "box"?
_____	_____	_____	Does your catalog clearly explain to working adults that merely holding a part-time or full-time job may entitle them to tuition aid from an employer or union? Criteria of financial need to not apply to tuition aid.
_____	_____	_____	Does your catalog clearly state that job-related tuition-aid plans vary substantially and that it is the responsibility of students to check with their employers and unions for information about availability and extent of coverage?
_____	_____	_____	Does your catalog clearly explain the tax status of tuition assistance payments? Does it clearly explain tax deductions and tax exemptions for persons not covered by TA programs?

(b) Other Course Announcements and Registration Forms

_____	_____	_____	Do all direct mail course announcements highlight TA and remind adults to seek information about tuition aid programs at their workplace?

Y	N	Don't Know	
_____	_____	_____	Do newspaper advertisements mention job-related tuition aid, again to remind adults of this payment opportunity as an incentive for enrolling?
_____	_____	_____	Do faculty and admissions staff routinely mention job-related tuition aid when making presentations to audiences with prospective students?
_____	_____	_____	Do course application and registration forms include questions asking the identity of the student's employer and whether the student is receiving funds from a company or union TA plan?

(c) Educational Information and Counselling

_____	_____	_____	Does the education "file" of your state's occupational information system (SOIS) highlight the fact that most working adults may be eligible for tuition assistance from participating employers and/or unions?
_____	_____	_____	Are educational counselors in high schools, colleges, corporations, unions other community organizations and independent educational counselors regularly informed and reminded about the availability and characteristics of tuition aid plans?

2. Management Information and Support

_____	_____	_____	Does the college's institutional research office regularly analyze student registration and admissions application forms to determine trends in student employment and in use of job-related tuition aid programs? Is this information communicated to deans and program development staff?

Y	N	Don't Know	
_____	_____	_____	Do the institutional research, admission, and continuing education program offices cooperate on joint TA fact-finding projects which collect current information from area employers?
_____	_____	_____	Do area education institutions collaborate on joint research on employment-based tuition aid programs?
_____	_____	_____	Does the educational institution have a formal tuition assistance policy and program for its own faculty, professional, and non-professional employees?
_____	_____	_____	Do top college administrators — especially college president and provost — show positive interest in the current status of the college's uses of employer tuition aid programs?
_____	_____	_____	Has the college designated a dean (probably the dean of continuing education) to be responsible for developing strategies, contacts, and special projects/programs for adult workers built around the financial resource of tuition aid?
_____	_____	_____	Is the development of quality adult learner programs (degree and non-degree, on-campus and off-campus) a priority goal shared by all key administrators? Or is outreach to working adults a divisive issue within the administration?
_____	_____	_____	Are the staff persons responsible for administering outreach programs and services to employers and unions well-versed in tuition assistance concepts and approaches?

Y	N	Don't Know	
_____	_____	_____	Has the top level administrator responsible for employer outreach appointed a committee of knowledgeable adult learners to help monitor the flexibility, quality, and visibility of the university's TA-related activities?
_____	_____	_____	Does the education institution periodically determine if TA-related registration, payment, course scheduling and location policies and procedures are "user friendly" from student and employer perspectives as well as efficient for institutional purposes?
_____	_____	_____	Does the college president or provost conduct regular (annual or semi-annual) seminars for college deans and department heads at which research on adult learner trends is reviewed, including the status of enrollments and programs developed in conjunction with TA plans?
_____	_____	_____	Are university officers and program staff well-informed and vigilant regarding the tax status of tuition assistance payments?

3. Cooperation With Employers, Professional Associations and Unions

_____	_____	_____	Do area postsecondary education institutions show a persistent interest in working with local chapters of leading HRD professional groups (such as ASTD and Personnel Association) on a variety of adult education and training issues?
_____	_____	_____	Do these local professional personnel and training groups give visibility to exemplary tuition aid programs in the private and public sectors? Do they provide their members with information about local tuition aid practices?

Y	N	Don't Know	
_____	_____	_____	Does anyone in the community—whether collge, employer, or employee organization—pay attention to national and state legislation affecting the tax status of job-related tuition assistance plans? Is information shared and acted on?
_____	_____	_____	Has the college organized—perhaps informally—a core group of creative corporate and union staff willing to explore and develop new uses for tuition aid in such critical areas as employee layoff and pre-retirement planning, career development and succession planning, pre-employment training, and new employee development?
_____	_____	_____	Does the college president annually invite top managers and enrolled employees from exemplary tuition aid programs to a seminar/cocktail hour review of college-employer relations?
_____	_____	_____	Do employers and unions with exemplary tuition-aid plans and employee worker participation receive awards, special recognition, and publicity from area colleges and universities?
_____	_____	_____	Are postsecondary education representatives sensitive to the differences between "work-related" and "personal enrichment" courses? Are they prepared to help employers and others understand the utility and transferability of skills learned throughout the curriculum?
_____	_____	_____	Are education leaders good sales persons for innovation in TA, career counseling, credit for prior learning, on-site courses, paid education leae, flexi-time arrangements and other programs assisting adult learners?

C. Checklist for Labor Unions

1. Accurate Information

Y	N	Don't Know	
_____	_____	_____	Are educational goals and "benefits" (including tuition assistance) stressed in union literature sent to members, including newspapers, newsletters, and similar information bulletins?
_____	_____	_____	Does the education committee of the Central Labor Council discuss tuition aid programs and strategies, or distribute education and TA-related information to members of local collective bargaining teams?
_____	_____	_____	Does the international (or national) union provide to local unions and members packets of information on TA and other education and career development opportunities?
_____	_____	_____	Where negotiated TA programs already exist, are new members adequately informed about the details of the program?
_____	_____	_____	Is there at least one person on the local union staff who is knowledgeable about tuition aid programs and seen as a trustworthy source of information and assistance by union members?
_____	_____	_____	Does the local union regularly (e.g. annually gather information about the interests and needs of members, including information about education and training interests and needs?
_____	_____	_____	Does the local union sponsor workshops on educational and career counseling annually or offer a regular counseling program?

2. Leadership Involvement and Support

(Local union leadership and information capacity is emphasized in these items. But they can also be answered from a state or national/international union perspective.)

Y	N	Don't Know	
_____	_____	_____	Do top leaders in the local and international unions show strong personal interest in career and educational development programs for members?
_____	_____	_____	Is tuition aid an item on your union's collective bargaining agenda, or already part of a formal contract?
_____	_____	_____	Does the union have a stated policy of seeking tuition aid provisions through collective bargaining and/or working with employers to improve existing programs?
_____	_____	_____	Does the union include information on tuition aid and career development issues in training progrms for members of the collective bargaining team?
_____	_____	_____	Do top leaders seek out information about exemplary union negotiated tuition aid agreements and encourage members to negotiate and implement TA programs?
_____	_____	_____	In their speeches to members, do top leaders stress the importance of lifelong education and the desire of the union to develop stronger education programs?
_____	_____	_____	Does your international (or national) union have an education department staffed with knowledgeable, skilled people who can help local unions to negotiate and implement effective TA programs?

Y	N	Don't Know	
_____	_____	_____	Is the union local or its state body able to provide effective leadership in negotiating and implementing TA and other career development programs?

3. Cooperation with Educational Institutions, Employers, and other Unions

_____	_____	_____	Do top local union and Central Labor Council leaders meet occassionally with the area's college presidents and key administrators to demonstrate support for and share concerns about improvements in education-labor relationships?
_____	_____	_____	Do local unions prepare and share annual reports to the region's Central Labor Council on the status of union programs involving colleges and universities, including the status of tuition aid programs?
_____	_____	_____	Do local unions monitor the training and career development activities of area employees, or cooperate with area education and business groups to do so?
_____	_____	_____	Are local union staff well informed regarding exemplary adult education and training practices and programs in the immediate geographic area and within their own industries nationwide?
_____	_____	_____	Do union locals regularly include education and career development programs and policies on their agendas for collective bargaining?
_____	_____	_____	Do local leaders seek assistance from international union staff in formulating local tuition aid practices appropriate to local conditions?

Y	N	Don't Know	
_____	_____	_____	Are local union leaders and Central Labor council staff aware that many colleges can assist workers in documenting their current knowledge and skills to qualify for college credit through assessments of prior learning for work, volunteer, church, and other experiences?

IV. Problems And Solutions

Now that you have answered the items in the checklists as best you can here are some ways to think about those answers and move on to the next steps.

Few corporate TA programs would pass unscathed through the gamut of questions in the checklists. Problem areas will fall most likely into one or more of six categories (each is discussed in the sections that follow).

- Lack of management information
- Lack of employee involvement
- Lack of connection between the tuition aid program and the organization's mission and needs
- Lack of cost controls
- Personal enrichment courses
- Lingering myths and misunderstandings: quitters, promotions, too much success

Obviously, the number of "don't know" responses will affect your ability to categorize problems and achievements. And your responsibilties as corporate manager, educator, or union leader may make a big difference in your analysis of what action you should take.

Lack of Management Information

Review your checklist answers. Numerous "don't knows" (more than five in your own area of responsibility) clearly indicate a strong need for more information about the basic operations of your organization's tuition assistance program.

These information basics include (from an employer's perspective):

- Utilization: numbers of employees enrolled in the TA program annually and by semesters; employees enrolled from major occupational categories; particiaption rates (as percentage of total employees and category totals.
- Costs: total annual program costs; costs by occupational category; costs per employee; costs associated with specific education institutions in which employees are enrolled; costs associated with types of educational programs (e.g. engineering, business methods, technical training, liberal arts).

- Demographics: comparing age, sex, race, wage/salary, division data for all employees to those enrolled in TA.
- Content: types of programs selected by employees, together with explanations for employee preferences.
- Institutional linkages: identifying how many employees enroll in area education institutions. Which schools benefit from TA enrollments?
- Case stories: collected cases or vignettes of individual successes and problems can demonstrate crucial purposes, processes and needs. These stories may convey values and opportunities for program development more effectively than "cold" data, which may itself be constrained by policies or practices which ought to be changed.

You may not need detailed cost data if the TA program is so small it gets little attention from top management. For the time being it may be sufficient simply to know how many employees participated, how much the total program costs, and have some evidence whether and how the expenditures contribute to organization purposes.

But if the TA program is going to grow and make significant contributions to individual and institutional growth, more detailed information will be essential. It is best, therefore, to establish solid information gathering and collecting procedures early on.

Lack of Employee Involvement

The TA program staff must know **why** they want employee views and **how** they plan to use the information gathered from employees. It is a rare employee who cares enough about the TA program administration to devote much time to it. But a personal request for help from a sympathetic administrator to a well-regarded employee shows you care and can be hard to refuse, especially if the assignment is temporary and has some title (e.g. task force) attached to it.

Where is employee involvement essential? Employee involvement can serve two crucial purposes.

- Identifying problems in current operations: Allowing for an certain, inevitable amount of petty complaining, the fact is that participants in the TA program are the only people who experience its procedures from a variety of angles: applying, enrolling in

courses, commuting, using their new knowledge, earning recognition and so forth.

- Identifying opportunities for program improvements: Participating employees, supervisors, and an occasional nonparticipant have ideas on how employer goals and individual interests can be better coordinated. Sometimes these people need more information about the broad goals of the TA program before they begin to articulate their ideas.

It is the responsibility of the TA program staff to find ways to collect and make constructive use of the ideas and complaints received from employees.

One simple way is to require all participants to complete a brief, anoymous questionnaire upon completion or termination of their participation.

Another, more complicated but potentially more rewarding way to involve employees is through an advisory committee. The committee members can monitor the quality of education programs, can identify special situations requiring special programs, and can assist the TA staff in publicizing the program.

Connecting an Organization's Mission to Its TA Program

In large corporations the TA program too often is a barely noticeable appendage to a training or personnel office.

It may have operated for five or ten years with little or no review of its policies or procedures. Meanwhile the products, procedures, and even purposes of the parent organization may have changed substantially. Or the organization is preparing for major changes, but the resources of the TA programs have not been included in the grand design.

If employees have a clear sense of where the organization is going, are clearly aware of the skills most needed and rewarded by the organization, and can see themselves in the organization's "family portrait" a year or more down the road, then a firm's TA program can be invaluable.

Or the reverse. TA can contribute as effectively to successful outplacement programs as to successful career development and succession planning programs. In either instance the key factors are adequate advance planning and the information and support to do individual career planning.

Several mechanisms are available to make these connections more explicit and effective.

- Make the TA program visible to management by including periodic program status reports in annual or semi-annual reviews of the human resource development (HRD) function.
- Clarify program accountability through clear designation of a TA program manager. Because budgeting for TA participation varies substantially among organizations, program accountability may or may not include budget accountability. But in any case the program manager should be expected to provide accurate reports on overall program costs.
- Information campaigns aimed at supervisors and employees can assure that the purposes, methods, and intended consequences of participation in TA programs are well understood.
- Formal career counseling is appropriate when the counselor is well qualified both as a professional counselor and as someone who understands the employing organization. At Polaroid Corporation, for example, all applicants for tuition assistance must discuss their career objectives with a company career counselor whose confidentiality and independence of judgment is respected by management and employees. Other firms use counselors employed by local colleges or universities or well-regarded professional career counselors on a contract basis.

Lack of cost controls

Some employers have a line item for tuition assistance built into their training or human resource development budgets. Others provide line managers with training budgets which can be allocated to training or education at the managers' discretion as supplements to corporate in-house training programs. Still others pay for tuition assistance out of a variety of discretionary funds.

The less visible tuition aid funds are, the more likely that the TA program is a low-visibility operation little regarded as a tool for employee or organization development.

TA programs can not grow and develop without credible cost documentation. Only through cost documentation can be worthwhileness of a program be revealed.

The path from expense to return on investment will rarely be demonstratable case by case. One such rare instance: a purchasing agent who claimed to have saved his employer millions as a result of techniques

learned in an evening course. But the ability to show why TA money is being spent, on whom it is being spent, where it is being spent, and what added value is being purchased is crucial to building confidence in the TA program overall and "comfort" with program changes are made or increases in participation (and costs) occur.

Personal enrichment vs. work-related courses

One person's hobby is another person's job. A course in auto mechanics or in philosophy may be job-related in one case, preparation for advancement in another case, or a hobby in a third case.

One key question: where does a course of study fit in a person's own sense of their life and work? The other key question from a TA perspective is: where do the goals of the employer and the employee converge and separate?

If they pay their own way, adult workers are free to select any course or instructor they choose. Once they use a tuition assistance program, they share decision-making with the people who control the TA purse.

Some companies take a broad-gauge view of where employee-employer interests overlap. If a program contributes to employee health, satisfaction, or thinking skills, then the link to productivity is assumed.

Many companies are more restrictive. They look for tangible signs and rationales directly linked to productivity. They are less concerned about satisfaction levels or generic abilities and more concerned with specific skills. A random course in history and literary analysis or tax preparation may be deemed unjustified. If part of a degree program, however, the same course may be justified because the employer may value academic credentials.

Figure 4-1 shows some arguments for and against making personal enrichment courses eligible for TA payments. The decisive factor is probably corporate culture: what kind of an environment does top management want in the company?

Figure 4-1: Pro's and Con's of Enrichment Courses

Pro

- If people have strong career goals, self-selected courses are likely to be career-related anyway. Access to personal enrichment courses becomes a reward, a refreshing change, that enhances career motivation.

- Overcoming fears of classrooms and the possible intellectual intimidation of college campus is a big problem for many workers. A personal enrichment course can be an easier, positive step into a learning environment, breaking down fears and stereotypes.

- Research shows that the people who get more education tend to be the people who already have it. Personal enrichment courses can be used to reintroduce working adults to formal learning, develop self-confidence, and result in greater willingness to participate productively in in-house training.

- All learning enhances skills if taken seriously. Even physical fitness, family counseling, philosophy, and art appreciation—classic "enrichment" subjects—enhance on-the-job performance by strengthening individual insight and interest in life.

- If TA is used in pre-retirement or out-placement situations, enrichment courses may be good preparation for social and psychological separation from a long-term employer. Depending on the individual's future career plan, these courses may be good preparation for a career transition.

- A healthy work environment means helping people grow whether they grow inside the company or move elsewhere (with positive things to say about the firm). Personal enrichment courses are one part of a work culture that brings in good people and helps them grow while they contribute their talents.

Con

- If an employer can not see direct benefit from the skills and knowledge sought by the employee, why pay for a course?

- Sometimes employers believe they are paying tuition so an employee can prepare for a new career and leave the company (see "quitters" section below).

- General learning is a personal responsibility. The more motivated people will find ways to do it, whether at a library, at a college, or elsewhere.

- Employees should use their discretionary income to purchase educational enrichment?

- An employer should not be paternalistic, especially in areas not directly linked to productive uses of capital.

- Expenditures on outside personal enrichment courses could be better spent on developing career ladder programs, substance abuse programs, succession planning programs and other internal human resource programs with clear corporate identification.

- Paying for personal enrichment courses is a luxury some employers feel they can not afford. In a corporate culture that stresses "lean and mean" thinking, how will employees perceive a liberal definition of course eligibility?

- Some employers are happy with what they have. They do not care to encourage independent learning.

Lingering Myths and Misunderstanding

Sometimes a thoroughly rational analysis of tuition assistance can make no headway with management. The advantages of program improvements are recognized, but the resistance to change persists. Improvements in information and career counseling are not authorized. Frequently this resistance is based on one or more key assumptions that make program changes appear to be riskier than they really are. These assumptions emphasize the negatives over the positives. Three examples are described below.

What about quitters? One such common fear is: what happens to the employer's investment if the employee quits, goofs offs, or fails to complete the course or program? A few simple precautions can eliminate all these problems. Employees can be required to sign an agreement to have sums equivalent to advance TA payments deducted from termination pay or weekly paychecks if they leave the firm while still enrolled or fail to complete the course for reasons within their control.

There is a more basic "quitter" problem: the person who switches employers after successfully completing a course or degree program. What happens to the employer's investment in education? Employer fears of this type of loss are often legitimate. In a highly mobile society like the United States, and especially in career fields with high mobility (like engineering and computers), the potential of personnel loss has been a real factor in employer decisions to limit investments in all types of human resource programs, not just TA.

But there is another side to the question. Employees come and go for all kinds of reasons. In a mobile society an employer is as likely to benefit by hiring someone trained elsewhere as to suffer from the loss of someone trained in-house. How many people do **not** leave because they recognize that their employer is making an effort to help their careers and treat them fairly? Mobility is a fact of American life. Yet employers with generous TA programs tend to have loyal employees.

And will a TA program enable a union member to move into management? It very well may. Some union leaders are concerned about this type of mobility. But more and more, union leaders are recognizing that helping people with their careers is a far better way to build member respect for unions than to place obstacles in the way of career growth. Moreover, once helped to move into a management position that former member may be more understanding and sympathetic to the needs of unions and workers than if the union had opposed the TA plan.

What is "satisfactory" completion? Many employers use stepped-payment formulas in an attempt to assure satisfactory completion. For example: 100 percent payment for a grade of A, 85 percent for a B, 75 percent for a C, nothing for a failing or incomplete. Another example: At least one employer that actively encourages education pays full tuition costs for all participants, regardless of grade, **and** a bonus of ten percent directly to the employee for a grade of A.

The problem was stepped-payments in that they actively discourage lower paid employees whose past educational experience has been less than spectacular. If the idea is to help those employees who most need education, full tuition payment is by far the best incentive. Loss of payment for a low grade is too strong apenalty and an obstacle to learning.

The other problem with stepped payments is that they discourage risk-taking in course selection. Working adults with family or other responsibilities have less time to seek perfection in academic work but may do just fine getting what they need from a course even with a grade less than A or B. Moreover college and university grading is notoriously erratic from one professor to another or one school to another. Employees should not be penalized or rewarded for idiosyncracies unrelated to performance. Calibrated performance rewards and penalties are best reserved for on-the-job evaluations.

What About Expectations of Promotion? Again, a little bit of planning and expectation-setting goes a long way. The first line of defense: be explicit in all TA program announcements (employee handbook, application form, post-completion letter of commendation, and other communications to supervisors and employees) that participation and completion in no way guarantees promotions or salary increases. TA participation should be understood as but one of many factors demonstrating employee interests, abilities, and motivations.

On the other hand, demonstrated new skills and self-initiative are factors that influence personnel decisions. In-house career and educational advisement counselors, as well as alert supervisors, play key roles in establishing a consistent understanding of what the tuition-aid plan can and cannot do in qualifying someone for promotions and salary increases. Smaller firms might need careful outside assistance in establishing an effective counseling program. Counseling might be available at little cost through area colleges.

What About Too Much Participation? The fear of a too successful,

too costly tuition assistance program may bring financial shivers to the palms and brains of managers unsure of the depth of employee interests in education. But there seems to be a natural limit to the proportion of people who, at any one time, want to invest personal time and energy in taking classes.

Yet everyone involved in developing TA programs needs to understand that such fears are legitimate in an untried situation. Only carefully monitored experience will show for a specific employer in a specific community with specific educational resources and scheduling or transportation constraints what levels of participation and total costs can be expected from year to year.

An active corporate tuition aid program will probably result in anywhere from 8 to 15 percent of all employees taking at least one course during a calendar year. Most career-related education objectives are met through in-house programs or on-the-job experience: For example, about 50 percent of Polaroid and C&P Telephone employees receive some kind of in-house or corporation-based education and training each year.

In the final analysis, the total number of employees using tuition aid can be controlled through the publicity and application approval process. Conceivably, simply by postponing for one semester or school year entrance into its unique Technical Co-op Program with Northeastern University, Polaroid could delay the entry of some employees into one part of the plan. Thusfar, however, no restriction of this kind has been necessary.

The real question is not whether too much participation will occur. Instead the important question is whether the planning process for the TA program has anticipated possible growth stages in costs and enrollments and identified appropriate, non-controversial means of control. Does the organization encourage or discourage learning in its policies and practices? Are these policies and practices periodically reviewed to make sure they are achieving what they have been designed to achieve?

V. Taxes, Policies and Tuition Assistance

To tax or not to tax tuition aid payments? The real question is this: Are TA payments (a) just another form of employee income (which therefore ought to be taxed), (b) a fringe benefit like health insurance that is part employee income and part a way of achieving national goals without direct governmental programs, or (c) simply normal business or organizational expenses excludable from income tax considerations.

An enterprise worth upwards of $2.5 billion to colleges and universities annually may ride on the answer.

History and the U.S. Congress have been ambivalent toward employment-based tuition assistance programs. Prior to 1979, TA payments were considered employee income except when courses were directly related to a person's current job. Section 162.5 of the Internal Revenue Code set the basic conditions for tuition aid excludable from gross income:

(1) Maintains or improves skills required by the individual in his employment or other trade or business, or

(2) Meets the express requirements of the individual's employer, or the requirements of law or regulations, imposed as a condition to the retention by the individual of an established employment relationship, status, or rate of compensation. (Internal Revenue Code 1.162-5).

When these conditions could not be met, TA payments were (until 1979) treated as ordinary income subject to unemployment (FUTA), social security (FICA) and income taxes. Interpreting the rules case-by-case was cause for substantial disagreements and confusion.

From January 1979 through at least December 1985, tuition assistance payments made under formal employer plans have been excluded from gross income and, thereby, from taxation. A tax exclusion ceiling of $5,000 per person per year was established for 1984 and 1985.

Since 1979, Congress has treated educational assistance payments as an employee benefit (as are health insurance and other benefits provided through formal plans). In effect this policy of excluding TA from individual, FUTA, and FICA taxes constitutes a national policy of preferring a disaggregated, decentralized approach to the financing of employee learning as a substitute for any more formal governmental program.

Adult learning is recognized through tax policy as an important national interest. But this recognition does not extend to the point of establishing a standardized education program and bureaucracy. In many European countries, by way of contrast, a special tax is levied on employers to assure funding for centrally-administered worker education and retraining programs.

Secondly, by explicitly including all education programs as qualifying for tax exclusion purposes, the Congress sought to remove the Internal Revenue Service from the tricky and uncertain business of determining whether or not a particular payment did or did not qualify as an "ordinary and necessary business expense."

The regulations in effect since 1979 (Section 127 of the Internal Revenue Code) exclude from an employee's gross income....

> ...Amounts paid to, or on behalf of the employee under a qualified educational assistance program (**Federal Register**, Vol. 48, No. 130, p. 31017; 26 CFR Part 1)

The regulations define education as follows:

> **...any form of instruction or training that improves or develops the capabilities of an individual**. Education paid for or provided under a qualified program may be furnished directly by the employer, either alone or in conjunction with other employers, or through a third party such as an educational institution. **Education is not limited to courses that are job related or part of a degree program.** (Emphasis added)

In this law Congress is urging employers to pay for and encourage employee learning on a broad scale. "Job relatedness" is explicitly removed as a limiting factor for tax considerations.

This blanket definition of legitimate education programs and expenses excludable from income greatly simplified the administration of TA programs. As of 1979, employers do not have to make individual decisions about which expenses are excludable from income and which must be included in employees income (thereby subject to tax withholding). Employees do not have to go through hairspliting rationalizations to decide if a course is job-related or not, qualifying for an income tax deduction or not, includable in gross income or not. (Individual employees paying their own tuition costs may not use Section 127's inclusive clause. Individuals are still subject to Section 162.5 when they attempt to claim a tax deduction for educational expenses.)

Fears of confrontation and investigation by the Internal Revenue Service were themselves serious obstacles to employer and individual participation in education assistance programs under the pre-1979 regulations. Companies and individuals fear audits, fear number crunching, and fear the confusion and wasted energy involved in self-justifying arguments.

Tax Policy Considerations and TA

In essence, three policy considerations shape the on-going debate over whether or not to tax employment-based tuition assistance payments as ordinary employee income. These considerations are:

- Considerations of the costs in tax revenues lost by the federal government if favored tax status is granted.
- Considerations of the human resource policy effects if special governmental programs must be created to achieve results now pursued by the private sector and other employers as a consequence of tax incentives.
- Considerations of administrative image, efficiency, and equity in the relationships of the Internal Revenue Service with adult learners and their employers and unions.

Costs: The U.S. House of Representatives estimated that in fiscal year 1985 the government would lose about $155 million in income, unemployment insurance (FUTA), and Social Security (FICA) taxes as a result of the exclusion of TA payments from taxable income. Recall that these monies represent taxes only on TA payments for courses **not** used to maintain or improve "skills required by the individual in his employment or other trade or business" or otherwise required by an employer. Job-related learning qualifies for tax-exclusion under both past and current law.

The problem is that no one really knows that full TA story. Most colleges and universities have almost no idea how many students and how many tuition dollars are contributed through TA programs. This is (a) because they don't ask their students and (b) because most TA participants pay their own way on registration day and are reimbursed by employers later.

Employers may or may not know how much they themselves spend on TA but they certainly do not know how much is spent at the company or agency down the street. In many companies, TA funds are decentralized,

administered at plant level, included in personnel, training, or departmental discretionary budgets and never reported in aggregate at corporate level.

And there is hardly an employer in the land who does a benefit-cost analysis of TA to determine, even on an estimated basis, the economic and organizational gains resulting from TA "investments" in people.

Unions do not know because they do not administer TA programs except in rare instances such as the District Council 37 Education Fund in New York City of the American Federation of State, County, and Municipal Employees or in the jointly administered TA program of the UAW-GM Skill Development and Training Program. But again, unions have no access to nationwide or even city-wide data.

For this reason the 1985 Treasury Department study of participation and costs of employer educational assistance programs requested by Congress could be extremely important to our understanding of the scope of these programs.

But even the Treasury study will have serious failings in that it will make no effort to balance the TA costs with estimates of the national gains resulting (a) from improved human resources and (b) from increased tax payments contributed by TA beneficiaries as a result of their increased earning power over time.

At present, estimates of total tuition dollars paid by TA programs range from an exremely conservative $300 million to well over $3.5 billion. The truth appears to be about $2.0 billion.

For example: U.S. Department of Labor surveys show that about 60 percent of workers in firms with 100 or more employees are eligible for partial or full tuition assistance. Local surveys indicate that about 50 percent of all workers have access to such plans.

At present, perhaps 35-50 million Americans out of a labor force of 112 million are eligible for TA programs.

Put in financial perspective, employer educational assistance programs appear as small, easily overlooked activities, often not even qualifying for separate budget line items. Available data from the employee benefit surveys of the Chamber of Commerce of the United States indicate that

these programs account for only 0.2 percent (two-tenths of one percent) of all employee wages and salaries.

Until the dollars are totalled, this might appear to be a pittance not deserving top management attention. But of the estimated $1,262 billion in private sector wages and salaries paid in 1982, educational assistance would have come to as much as $2.5 billion using the 0.2 percent factor. This amount of educational assistance payments would have been more than twice all corporate philanthropy to education institutions that year. Even allowing generously for rounding-up errors, it is hard to estimate less than $1.5 billion in educational assistance payments nationwide to employees of private sector firms. Even that reduced sum would still exceed 1982 corporate philanthropy to higher education by about $500 million.

Indeed the bias in reporting may be in the opposite direction: underestimating is possible because corporate tuition assistance payments frequently are buried in departmental budgets and not aggregated at corporate levels.

Another source of financial perspective is instructive. Reasoned though cloudy estimates of corporate education and training are in the range of $22-28 billion annually. Educational assistance payments probably account for about 10 percent of these funds. Corporate training programs and budgets are beginning to receive serious attention from top managers. But it is no wonder that tuition assistance expenditures have grown in the shadows of more visible in-house training programs. Yet as a share of the estimated $6.3 billion which businesses pay annually to schools, colleges, and universities for outsider-provided education and training, tuition assistance programs again show a surprisingly large presence: between one-third and two-fifths.

Tuition assistance programs, in sum, although a minor cost from a payroll perspective, are a major, yet overlooked and mostly invisible, factor in corporate relations with higher education.

Some portion of those monies would be taxable under the pre-1979 law and regulation. There is a clear tax interest in TA programs, therefore, especially if these programs continue to grow.

Human Resource Policy: The human resource implications of educational assistance tax policy have been suggested above. These are the hard to document propositions that (a) TA programs add real productive, economic value to working adults, that (b) creating a society of

adult learners is in our national interest, that (c) tax incentives are essential to the efficient reallocation of resources to this national goal, and that (d) in the intermediate and long run this improvement in human resources (our knowledge, skills, and abilities to turn dreams into realities) will lead to a wealthier society and increased tax payments.

The evidence is circumstantial, but all favorable. That evidence is in the form of the enthusiasm for and continued funding of TA programs, especially by those employers who pay the most attention to them.

More than 80 percent of company officials nationwide surveyed in 1978 by the NIWL indicated that tuition-aid programs have (1) updated worker knowledge and skills to changing technology; (2) improved workers' job performance; (3) prepared employees for future assignments with the company; and (4) aided workers in their personal development and growth. Sponsors report that their plans result in a more highly skilled, intellectually alert workforce, and that such programs support their recruiting efforts, enhance employee morale, and reduce turnover.

The more sophistication and commitment employers bring to TA programs, the more they like them and use them. That record seems to say alot about perceived benefits.

If TA programs generally, and well-designed TA programs especially, make significant contributions to the nation's general welfare and economic competitiveness, then it follows that a legitimate national policy interest is at stake.

The choices then are (a) to do nothing and make TA payments taxable unless directly job-related and/or required by an employer, (b) establish major national adult learners programs providing governmental funds to education institutions, other organizations and individuals, or (c) use tax policy as is now the case to remove government agencies from a programmatic role while still providing incentives and establishing adult learner policies through a highly decentralized, employer-determined system.

Administrative Image and Equity: Ironically even the so-called choice to "do nothing" creates a more active, intrusive governmental role than the present tax policy system. This is because the "do nothing" rule would create thousands of situations requiring detailed tax audits and interpretations of "job-relatedness" at a nit-picking level involving small

sums of possible tax dollars. When that happens, the Internal Revenue Service sets itself up as the "bad guy" probing into matters it does not understand and harrassing innocent taxpayers.

Rarely is an I.R.S. tax examiner qualified to determine whether a TA participant is taking a work-related or personal enrichment course. Typical would be the case of the lower level worker with a detailed, narrow job description taking a course that might appear to be preparing her or him for another position. Example: clerical workers at an insurance company enrolled in an undergraduate liberal arts program. Under the old rules this would be a taxable situation as the new learning would not be "required" in order to maintain employment. The situation might be ambiguous in its immediate utility. A course in history may very well help an electrician understand human behavior in a new way and relate better to customers and co-workers. But try and tell that to a tax examiner.

Just the threat of review by the I.R.S. scares and intimidates people, especially those who lack routine access to accountants and lawyers. Many workers use a standard deduction, do not itemize, and never have person-to-person dealings with the I.R.S. To the extent that they are among the millions of adults who are easily intimidated by colleges, classrooms, books, and formal learning, these workers see the I.R.S. not simply as a nuisance but as an added barrier to learning.

Improving the reputation and respect for the tax collection system and improving education and career development opportunities for working adults are, therefore, two desirable outcomes of a continued tax-preference status for educational assistance programs.

VI. Community Tuition Assistance Networks

More than money and skill development make tuition assistance programs attractive as sources of leverage for institutional changes in employer-educator-labor relationships.

Tuition assistance programs are one among several means to of linking individual and organizational goals: meeting company needs for skilled engineers or clerks or nurses as well as meeting a specific individual's desire to become a skilled engineer, clerk, or nurse, developing responsible, thinking employees as well as satisfying an individual's curiosity about literature or history; building stronger organizations as well as more competent individuals.

Improvements in TA programs will occur only when people with converging goals share their needs and solutions more often and more effectively.

If we accept this assertion, it follows that collaborative networks are essential to problem-solving in the area of tuition assistance programs.

Problem: How can we improve the uses and usefulness of employment-based tuition assistance programs?

Response: Improvement of employment-based TA programs must grow from the bottom up, starting with the programs themselves and the people responsible for them.

The Community Tuition Aid Network is one strategy designed to increase the stature and seriousness of tuition assistance ideas and programs. It is a strategy of several parts. And it is more of a process than a formal organizational model.

Purposes of a Community Tuition Aid Service

The goals of a Community Tuition Aid Network could be:

- To establish within a community (or metropolitan area) a respected, clearly identified point of contact for information and technical assistance on tuition aid concepts and programs.
- To improve employer, employee, educator and union understanding, and utilization of tuition aid programs.

- To build more effective program relationships between postsecondary education and work organizations through more creative uses of employment-based tuition aid and other resources.

Some basic activities of the Network could be:

- To identify and publicize exemplary local and national TA programs operated by area employers and/or unions.
- To assist other employers, unions, and educators to learn how and why these exemplary programs function and how successful practice can be usefully adapted and transferred to other situations.
- To assist colleges and universities—especially continuing education administrators—in building contacts with corporate and union educators through better understanding of the hows and whys of TA programs.

Putting A Community Tuition Aid Network Together

In almost any community of substantial size, a variety of education, business, and labor groups already serve as meeting grounds within their own sectors as sources of expertise on education, human resource, or training matters. Unfortunately professionals in one sector rarely connect with their peers in the other sectors.

To be successful, a Community Tuition Aid Network must cross these lines, open up communications, and build a common agenda and commitment.

For this reason, the design of a TA Network is really a six-step process. The basic process might look like this:

1. Find an Initiator
2. Gather the right people
3. Gather information
4. Develop an agenda
5. Find a permanent sponsor
6. Find necessary financial support

No detailed "cookbook" could possibly be useful in the diversity of communities and institutional situations across a complex nation. The ideas below are meant only to stimulate thoughtful action. They are not a

set of instructions. The chemistry for collaboration is something you must create on your own terms.

Find An Initiator: Initiators are people, not organizations (though organizational affiliation can be important). Someone has to say: Here's an issue worth some attention, worth exploring. Improving adult learning is an issue. Understanding how and why TA programs function makes adult learning more accessible to many people. Who initiates?

Here are some plausible people:

- The executive director of a Chamber of Commerce
- An officer of a local personnel association, or a human resources development association such as ASTD.
- A dean of continuing education, or a group of deans
- The education director of a central labor council
- The executive director of a community-based, non-profit organization providing career guidance, information, and/or placement and training services
- A corporate director of HRD, OD, personnel, training, or education
- The director of a local higher education consortium

Basically, this should be someone with legitimate position power, respected by others and with a vested interest in improving adult learning. This person can:

- Talk with peers about tuition aid and related workplace-education issues
- Talk with a few corporate and union officials to get a sense of programs operating in the community and the current status of communication about them
- Think very carefully about an appropriate group of persons and an appropriate agenda for a first exploratory, informal meeting
- Think of ways to gather more local information about business, union, higher education, and public sector employer involvements with tuition aid plans.
- Convene a meeting of a few hours where the right people will talk about TA in constructive ways.
- Follow up

Gather the Right People: The idea is to locate and involve a core group of five to seven people from leading education and employment organizations. Interested in collaborative TA programs and concerned about adult learning, these are people who you can count on to attend meetings, speak up on important issues, maintain a goal-orientation for meetings, and be able to commit at least modest institutional resources to projects they think important.

Where do you find such folk? Try looking for a broadly representative group whose names and titles will enhance the credibility of your purposes within the community. Basically, look to the same people who could themselves be credible initiators and convenors of the taskforce.

Most importantly, being the initiator gives you the freedom ("excuse," some say) to interview people you would not regularly talk to on the full range of adult learning issues. Their views could be crucial to the strategies your group selects. You will need to discuss the roles played by their organizations and other community organizations in connecting opportunities for improvements in employee productivityAnd in the course of interviews you'll see more clearly who has the breadth of vision and experience needed to get a Community Tuition Aid Network moving.

Gather the Right Information: Two types of information are essential:

- Descriptive information: about existing tuition aid programs generally with special attention to exemplary programs locally
- Informed opinions: on the status of interinstitutional relations (business, education, and labor) and the assessment of opportunities for changes in tuition aid programs that will assist employers while also enhancing opportunities for adult learners.

Members of the work group (or task force) and additional interviews with some of their peers can quickly produce a fairly accurate profile of inter-institutional relationships: status, problems, needs, and opportunities.

Descriptive information is harder to come by. Two approaches should be made:

- Most important: visit at least five employers and talk in detail with the people who administer tuition aid programs. From the basic descriptions of the TA plans and how they function, probe for insights into the reasons why the plan operates that way and

how it fits into overall hiring, training, education, and career development policies and practices.

- Create an inventory of employers offering TA plans and area labor unions actively negotiating TA plans. A telephone survey is the quickest and surest way of identifying TA plan administrators and getting basic information from them. A cooperative Chamber of Commerce can provide initial contact information, but follow-up will be needed.

Develop An Agenda: If the right mix of people and information is on hand, the agenda should evolve naturally from discussion. Interviews should have uncovered relevant needs, problems, examples, and suggestions.

Some activities may be do-able just by linking current activities. Others may need commitments of time and effort. Still others may lead to proposals for submission to local institutions and foundations.

Review of the checklists in Chapter III may suggest possible agenda items.

In thinking about specific activities it is useful to consider eight factors:

- Constituency: Who shall be served?
- Impact area: Where will project results be felt?
- Program content: What will be the product and process?
- Program delivery: How will activities be carried out?
- Financing: What are the costs and how will they be paid?
- Timing: Is this the appropriate time to initiate this activity?
- Order of priorities: Is this activity important in its own right or will it lead naturally to an important result justifying the investment of time and other resources?
- Visibility: should the group play a publically visible role or organize behind the scenes? Which activities deserve what level of visibility?

Find a Permanent Sponsor: If sustained discussions lead to a consensus on an agenda and the need for continuity, the Network may outgrow its informal beginnings. A sponsoring organization that can assist with

clerical, telephone, and some staff work may be needed. If a major project is funded, a sponsoring organization will definitely be needed.

A local higher education consortium or local chapter of the American Society for Training and Development might be considered as a home base. In some communities respected non-profit career guidance, counseling and/or adult training organizations have strong relationships with both education and work sectors. But circumstances and personalities probably will have more to do with the results.

Finding Financial Support: In theory, the partners in a Community Tuition Aid Network should each reap substantial financial rewards over the long haul. College deans will be looking for tution payments and classroom enrollments. Corporate managers and public employers will look for a loyal, promotable workforce whose skills develop efficiently in parallel with company needs. Employees will look for financial assistance to pursue career learning objectives. Unions will look for new employer policies that help union members put new skills to work.

The search for major rewards may be medium to long term (two years or more). Thus each participant should have a sense that the interim meetings and conversations have their own payoffs in terms of contacts made, information exchanged, and activities generated.

The major costs of creating a Community Tuition Aid Network will be the time of the people who help design it, coordinate it, and provide information or technical assistance.

The payments received will be of several kinds: financial, psychic, public relations and community service, and marketable reputation. How much of one kind or another will depend on mixtures of grantsmanship, corporate policy, personality, the local economy, and institutional creativity.

Financial support must grow out of an agenda that generates interest around meaningful needs and opportunities. Possibilities:

- Cooperative education programs can benefit if "reverse" co-op models are developed using TA. Working adults attend college part-time to earn degrees desired by their employers. In contrast to typical undergraduate co-op programs, these students bring their co-op placements with them and have the added incentive of employer-paid tuition.

- A TA network can provide consulting assistance to review and upgrade existing TA programs or to help smaller firms set up effective new programs. These consulting reviews must include both detailed assessments of current operating procedures and broad-gauge overviews of how TA programs link with other learning resources in the company and in the community.
- Postsecondary education organizations could work cooperatively to improve TA information to adult learners. Catalogs, registration materials, institutional advertising, educational counseling, and other outreach methods all can be used to heighten awareness and understanding of TA programs (see the Checklist for Educators).

Knowing where to start and how far and fast to move will depend upon the breadth of information, the depth of interest, and the individual member skills available to the Network.

Appendices

Appendix A:

Industries Paying Employee Educational Assistance Benefits, 1982

	% Of Companies Paying Benefits	As % Of Payroll	As Dollars Per Year Per Employee
Total, all industries	**63%**	**0.2**	**46**
Manufacturing Industries			
Total, all manufacturing	**52%**	**0.1**	**27**
Food, beverage, and tobacco	36	**	8
Textile products and apparel	34	0.1	8
Pulp, paper, lumber, and furniture	27	**	9
Printing and publishing	61	0.2	43
Chemicals and allied products	54	0.1	22
Petroleum Industry	77	0.1	39
Rubber, leather, and plastic products	24	0.1	13
Stone, clay, and glass products	29	0.1	10
Primary metal Industries	36	0.1	11
Fabricated metal products (excluding mach. and trans. equipment	48	0.1	19
Machinery (excluding electrical)	62	0.1	28
Electrical machinery, equipment, and supplies	71	0.3	50
Transportation equipment	57	0.1	28
Instruments and miscellaneous manufacturing Industries	62	0.3	55
Nonmanufacturing Industries			
Total, all nomanufacturing	**72**	**0.3**	**62**
Public utilities (electric, gas, water, telephone, etc.)	80	0.2	41
Trade (wholesale and retail)	40	0.1	21
Department stores	22	**	1
Banks, finance companies, and trust companies	88	0.5	90
Insurance companies	88	0.4	68
Hospitals	80	0.3	52
Miscellaneous nonmanufacturing Industries*	52	0.3	70

* Includes engineering, research, and education organizations
** Less than 0.05%

Source: Survey Research Center, Chamber of Commerce of the United States Employee Benefits, 1982, Washington, D.C., 1983

Appendix B:

Percent of Companies Paying Employee Educational Assistance Benefits in Selected Years

	1963	1967	1977	1982
Total, all Industries	15%	24%	40%	63%
Manufacturing Industries				
Total, all manufacturing	8	14	28	52
Food, beverage, and tobacco	6	15	12	36
Textile products and apparel	0	3	26	34
Pulp, paper, lumber, and furniture	6	9	7	27
Printing and publishing	4	14	48	61
Chemicals and allied products	16	24	42	54
Petroleum Industry	6	8	23	77
Rubber, leather, and plastic products	8	10	11	24
Stone, clay, and glass products	2	0	9	29
Primary metal Industries	3	9	13	36
Fabricated metal products (excluding mach. and trans. equipment	3	14	28	48
Machinery (excluding electrical)	8	17	22	62
Electrical machinery, equipment, and supplies	26	26	54	71
Transportation equipment	7	13	25	57
Instruments and miscellaneous manufacturing Industries	10	16	57	62
Nonmanufacturing Industries				
Total, all nomanufacturing	29	39	58	72
Public utilities (electric, gas, water, telephone, etc.)	16	30	51	80
Trade (wholesale and retail)	2	4	19	40
Department stores	n/a	0	0	22
Banks, finance companies, and trust companies	73	77	84	88
Insurance companies	25	49	87	88
Hospitals	n/a	n/a	67	80
Miscellaneous nonmanufacturing Industries*	8	13	28	52

* Includes engineering, research, and education organizations

Data Source: Survey Research Center, Chamber of Commerce of the United States Employee Benefits, (Volumes for respective years), Washington, D.C.

Appendix C:

Draft Model Statement on Tuition Aid

(For Possible Use in College Catalogs to Supplement Current Educational Financial Aid Information)

Tution Aid At Your Job

Many employers (in both private and public sectors) have established programs providing financial aid to employees who pursue education on their own time after work. The amounts of monies available and the conditions set on employee eligibility for tuition aid vary from one employer to the next. And if you belong to a labor union, tuition aid may or may not be covered by your negotiated contract with the employer.

It is your responsibility to find out the facts about funds, requirements, and application process at your place of work. Check with your supervisor, employee handbook, personnel office, and union. And then double check because not everyone knows about employer tuition aid plans.

Here are some important questions to ask once you find the person responsible for the tuition aid plan:

- **Can I study what I want to study?** Some plans let you study anything taught at a recognized education institution. Other plans only permit you to study subjects closely related to your present job. Most plans will pay for any course required to earn a degree. Most plans will pay for just a single course even if you have no plans to earn a degree. Both credit and non-credit courses are usually accepted.
- **Can I go to school where I want to?** Courses at all accredited colleges, universities, and technical institutes are almost always accepted. But because one school can be more expensive than another, employers expect you to select carefully and be able to explain why one place or another is best for you.
- **Will the plan pay my tuition when I register for a course or when I complete it?** Advance payment is becoming more common as more employers realize that the expense of education is a barrier to learning. The employer may ask you to sign a promise to reimburse the company from your pay should you not complete the

course, fail the course, or leave the company while in the course. Most commonly, employers reimburse employees only after course completion.

- **For what will the plan pay?** All plans pay for tuition. But some will also pay for registration and other required student fees. A vew few plans will pay for required books and, rarely, transportation. If you work part time, your employer may only offer partial financial aid. Perhaps participation will only be permitted after you are on the job for six months.
- **What is the tax status of tution aid provided by employers?** Under current law these funds are **not** taxble to your or the employer if the employer has a written plan available to all employees. If the employer has such a plan (as most do), tuition aid should **not** be reported as income.

Remember: more education does **not** mean that you will be promoted or get a salary increase. But most employers are glad to help employees who want to learn and improve their skills and understanding.

Appendix D
One Model Tuition Assistance Plan*

What follows is a model tuition assistance plan for a fictitious enterprise. The nomenclature and typical provisions of most plans are presented. References to specific titles or functional positions are mainly for writing convenience. Readers will know who in their organizations are the appropriate management and union or employee representatives.

Two introductory points: First, this tuition-aid plan is presented as though the employer's workforce is unionized, though not necessarily as though the plan were negotiated. The majority of establishments in the U.S. are, of course, not unionized. In those cases we encourage the reader to think of the references to the union in terms of employee committees, employee representative groups or whatever alternative form of employee voice pertains in the specific employment context. Secondly, it should be restated for emphasis that this is not the model plan. This is one among many possible configurations, presented solely for the purpose of giving concrete representation to most of the ideas presented in this volume.

For examples of tuition-aid plans offered by ten major corporations as well as data on the basic features of plans of 650 of the Fortune 1000 (industrial and service corporations), the reader is referred to Joseph P. O'Neill, **Corporate Tuition Aid Programs, A Directory of College Financial Aid for Employees at the America's Largest Corporations,** published in 1984 by the Conference of Small Private Colleges, P.O. Box 24, Princeton, NJ 08542.

* With minor changes, this model plan is taken from another NIWL publication: Anne Rogers and Jane Shore, **Making Tuition Aid Work For You: An Action Guide for Managers, Labor Officials, Workers, and Educators** (1980).

TUITION ASSISTANCE PLAN

I. **Statement of Policy**
To encourage employees to plan and direct their career and personal development, the tuition assistance plan provides financial aid and/or paid leave for educational courses and programs in accordance with the following procedures.

II. **Eligibility**
All full-to-half time, salaried and hourly employees with six months or more of service with the company are eligible to participate in the tuition assistance plan. The amount of financial aid is prorated according to an employee's scheduled hours of work, i.e., 40 hours = full payment; 30 hours = 3/4 payment, etc.

III. **Acceptable Courses and Programs**

- Basic reading, writing, English language, and arithmetic courses;
- Courses or programs to maintain or improve skills required in the employee's current job; or next higher level job to which the employee aspires;
- Coures or programs relevant to or required for a skill, license, certification, or degree appropriate to the individual's career development and the company's need for the particular craft;
- Specific degree programs, including GED, Associate, Bachelors, and graduate degrees in all areas germane to the company's operation and continued growth;
- Test preparation classes for promotional examinations within the company;
- Cultural and personal interest activities.

IV. **Acceptable Educational Institutions**
Accredited postsecondary institutions, certified correspondence schools, and other institutions, organizations, or individuals approved by the company.

V. **Financial Aid**
The company will prepay 100% of the tuition costs (including registration and laboratory fees) of acceptable course(s) or program(s) up to a maximum of _____ dollars ($_____) per eligible employee in any year. Course or degree-related expenses for books, drafting and laboratory supplies, certification and licensing fees, transportation and child care may be reimbursed from the $_____ allotment.

VI. **Educational Leave**

Employees receive regular wages and benefits when participating in any of the three following leave arrangements:

- Flexi-time: employees may rearrange their regular working hours to schedule a course or program;
- Short-term leave: employees may request up to 10 days leave per year to complete a specific educational activity during working hours;
- Extended leave; a limited number of paid leaves of up to one year's duration (minimum 2 weeks) are granted. The educational activity must serve the interests of both the company and employee.

VII. **Plan Administration and Staffing**

A. Tuition Assistance is administered by the Human Resources Development Department.

B. The Tuition Assistance Coordinator reports directly to the Director for Human Resources Development. The Coordinator:

- Is responsible for day-to-day administration of the program
- Updates program administrative procedures
- Monitors accounting department maintenance of tuition assistance accounts, bookkeeping, and payments
- Coordinates selection, trains, supervises and assists Education Information Advisors (EIA's)
- Explains and interprets program to managers and employees
- Promotes and publicizes program internally
- Develops and maintains resource library on educational opportunities outside the company
- Develops and maintains working relationships with area education institutions
- Coordinates external publicity for the program
- Acts as secretary/convener of the Education Planning Committee

- Screens requests for education institution approvals and appeals of tuition assistance denials
- Reports to each department/agency quarterly on employee participation

C. Education Information Advisors (EIA's) are employees nominated either by the Director of Human Resources Development and/or the union Education Director on the basis of their interest in education and good relations with both management and the union. Final selection of an EIA is determined by the Education Planning Committee with mutual consent of both management and union members. Up to four hours leave time per week with pay is granted each EIA to pursue her/his responsibilities:

- Inform and advise employees regarding tuition assistance, area educational resources, and overcoming common barriers to education, through both group and individual sessions.
- Refer employees to other information sources and professional career counselors or education brokers.
- Report regularly to the Coordinator.

D. The Education Planning Committee consists of 4 members: the Tuition Assistance Coordinator, the Director of Training, Director of Human Resources Development, and the union Education Director. The Committee meets monthly to decide:

- Final approval of educational institutions
- Final determination of tuition assistance appeals
- Final approval of EIA selection
- Overall direction of external publicity
- Ongoing evaluation and planning for program's development

VIII. **Procedure for Applying for Financial Assistance**

A. The employee completes a payment request form available from department heads, EIA's, and the Coordinator. If the employee has not participated previously in the Tuition Assistance Plan, he or she is encouraged to meet with a career counselor or the HRD staff before selecting a course of study or submitting a request for payment.

B. The form is submitted to the employee's immediate supervisor who reviews and forwards it to the department head with a recommendation. The department head reviews, recommends, and forwards the request to the Coordinator.

C. If the request is approved at both levels, the Coordinator confirms course and institution eligibility and forwards the request to the accounting department which issues a check to the employee. Employees should anticipate that processing of the request will take up to four weeks.

D. If either manager or department head disapproves the request, or either course or institution are unacceptable, the Coordinator meets with the employee and management (if appropriate), to work out an alternative course of study. The Coordinator has final approval/denial authority unless the employee chooses to appeal a decision to the Education Planning Committee.

IX. **Procedures for Applying for Leave**

A. Flexi-time: the employee arranges with immediate supervisor a modified work schedule. If core hours are affected, department head approval is required.

B. Short-term leave: requests must be approved by supervisor and department head.

C. Extended leave: requests must be initiated by the department head, reviewed and approved by Education Planning Committee.

Publications on Employment-Based Tuition Aid
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- ***Kimberly-Clark Corporation's Education Opportunity Plan***, by Leslie Rosow, 1979. 81 pages, $8.00.
- ***Polaroid Corporation's Tuition Assistance Plan***, by Kathleen Knox, 1979. 40 pages, $8.00.
- ***The Education Fund of District Council 37***, by Jane Shore, 1979. 95 pages, $8.00.
- ***Tuition-Aid Revisited: Tapping the Untapped Resource***, by Willard Wirtz, 1979. 31 pages. $5.00.

Making Tuition Aid Work for You: An Action Guide, by Anne Rogers and Jane Shore, 1980. 40 pages, $5.00.

Model Questionnaire: Local Survey of Employment-Based Tuition Assistance Programs, 1984. 8 pages, $5.00.

Employment-Based Tuition Assistance: Decisions and Checklists for Employers, Educators and Unions, by Gerard G. Gold, 1985. 40 pages, $6.00.

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National Institute for Work and Learning
Suite 316
1200-18th Street, N.W.
Washington, D.C. 20036
(202) 887-6800

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for
Work and Learning
Suite 316
1200-18th Street, N.W.
Washington, D.C. 20036
(202) 887-6800

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